

Results of **3rd quarter 2010**

Summary

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Key figures

	9M 2010	9M 2009
in EUR m		
Mortgage volume	4,904	3,862
in EUR thousand		
Net revenues	54,182.0	42,049,6
Earnings before interest and taxes	5,337.8	1,515,3
Net income	3,937.8	1,433,7
Earnings per share (diluted)	0.47	0.18

Preface

Dear Shareholders,

In the third quarter of 2010, Interhyp succeeded in brokering 11,871 residential mortgages with a lending volume of EUR 1,883 billion, thus posting a new record high, up 34% over the corresponding figure for the same prior-year quarter. This constitutes a continuation of the dynamic performance in the second quarter. We are still profiting from strong customer demand and a distinct expansion of our opportunities for placement. Although many lenders on our platform still maintain a more defensive stance in terms of their prices and conditions than before the financial crisis began, we have again found new partners for cooperation in the past quarter and thus supplemented our platform by adding more regional and local institutions. The number of lenders on the Interhyp platform is thus well over 250.

Net revenues rose 50.4% above the corresponding prior-year quarter to EUR 21.7 million. Earnings before interest and taxes (EBIT) increased to EUR 1.2 million.

Results for the third quarter confirm our estimate that opportunities definitely exist in the current market phase to leverage our position as the largest broker of residential mortgages to our long-term advantage. We have therefore continued to consistently expand our productivity in the third quarter in the Direct Channel and in the Prohyp Intermediary Channel. We will pursue this policy in the further course of 2010.

Yours sincerely,



A handwritten signature in black ink, appearing to read 'm. Goris'.

Michiel Goris
Board Member



A handwritten signature in black ink, appearing to read 'R. Haselsteiner'.

Robert Haselsteiner
Co-CEO



A handwritten signature in black ink, appearing to read 'Miriam Mohr'.

Miriam Mohr
Board Member



A handwritten signature in black ink, appearing to read 'Benjamin Papo'.

Benjamin Papo
Board Member



A handwritten signature in black ink, appearing to read 'Jörg Utecht'.

Jörg Utecht
Board Member



A handwritten signature in black ink, appearing to read 'Marcus Wolsdorf'.

Marcus Wolsdorf
Co-CEO

Interim Group management report

General economic conditions

Economic development

The general picture of the business cycle firmed in the third quarter. While growth in Asia and the threshold countries remained strong, the economy in the US and in some southern countries of Europe stagnated. The picture is different in Germany, Holland and Austria where recovery picked up fast on the back of smart measures and above all the right export structure. It is already becoming apparent that the current low-interest policy of the ECB is no longer adequate for these countries. While large part of the euro zone will continue to need assistance from the ECB for a long time, Germany could heat up rapidly, with attendant effects on prices. This environment is truly a blessing, in particular for domestic demand and the real estate market; Germany can rightly be said to have profited from the crisis. The most likely threat comes from the currency side where the US Fed is purposely forcing the dollar down with its money-printing policy. All other countries whose currency is linked to the dollar are enjoying more favourable export prices. International tension concerning the fair value of countries' respective currencies has therefore increased recently. For the next quarters we expect the central banks to retain their low-interest policies while many deficit countries will pursue a consolidation course. At present the scenario of a deflationary trend predominates, resulting in low interest rates, even for long-term US government bonds and Bunds. This means good times for real estate buyers and owners who are not only profiting from these low interest rates but can also expect price rises over the medium term.

Company development

Volume of closed mortgages increased by 34 % and number of closed mortgages by 24 % over comparable prior-year period

In the third quarter of 2010 the Interhyp group closed 11.871 mortgages (previous year: 9.595 mortgages). This represents an increase of 23.72 %.

The volume of closed mortgages rose in the same period by as much as 33.63 %. Accordingly a mortgage volume of EUR 1.88 billion (previous year: EUR 1.41 billion) was achieved in the quarter just ended.

Revenue and net revenues rise sharply

In the third quarter of 2010, Interhyp AG reported a 68 % increase in revenues to EUR 30 million (previous year EUR 17.7 million). Net revenues, meaning revenue after deduction of payments to partners in the Intermediary Channel, came to 21.7 million, up to 50 % over net revenues for the comparable period in the previous year (EUR 14.4 million)

Development of earnings

As a result of the large volume of closed mortgages and higher revenues, EBIT also rose compared with the prior-year quarter from EUR 0.5 million EUR to EUR 1.2 million.

The development of net income before shares of minorities showed the same trend. It rose from EUR 0.5 million to EUR 0.9 million for the quarter just ended.

Financial and assets position

The assets position remains marked by a solid financial base.

The stock of instruments of payment came to EUR 9.9 million EUR, plus fixed-term deposits amounting to EUR 48.0 million at 30 September 2010; this corresponds to around 76 % of total assets. Total assets rose compared with 31 December 2009 from EUR 67 million to EUR 77 million.

Cash flow from operating activities amounted in the first nine months of the year to EUR 15.7 million, slightly below the EUR 18.3 million reported for the comparable prior-year figure.

Cash flow from investing activities contains mainly shifts into long-term fixed-deposits.

Shifts into long-term fixed-deposits amounted to EUR 16 million in 2010, compared to EUR 26 million in the previous year.

The "free cash flow" in the first nine month of the current financial year came to minus EUR 1.3 million up considerably from the previous year's minus EUR 7.7 million.

Employees

Since 30 September 2009 our staff has grown by 93 (representing an increase of 20 %) to a current total of 570 (prior-year quarter: 477).

In the first nine month of the year the Interhyp group employed an average of 545 permanent staff members. In the corresponding prior-year period we averaged 473 employees.

Forecast report

Business prospects for 2010

While, in view of historically low interest rates and a recovering consumer sentiment customer demand is brisk at present, the demand for financing from many of the lenders of our platform still fluctuates from month to month. However, the competitiveness of our lenders is an important factor for the achievable volume and earnings figures and the productivity of our employees. In the fourth quarter as well, we will continue to focus on growing market share and improving our results.

Opportunities and risks

The opportunities and risks outlined in Interhyp's annual report for 2009 remain unchanged.

Interim consolidated financial statements

Consolidated income statement of Interhyp AG as at 30 September 2010 in EUR

	Q3 2010	Q3 2009	+/-	01.01.– 30.09.2010	01.01.– 30.09.2009	+/-
Revenues	29,855,549	17,741,469	68 %	71,911,428	51,147,054	41 %
Cost of services purchased	8,203,390	3,348,761	145 %	17,729,762	9,097,497	95 %
Net revenues	21,652,159	14,392,708	50 %	54,181,667	42,049,557	29 %
Personnel expenses	13,436,048	8,765,780	53 %	30,710,187	24,576,464	25 %
Other operating expenses	6,632,851	4,722,949	40 %	17,182,509	14,735,715	17 %
thereof marketing	3,966,957	2,450,931	62 %	9,746,318	7,843,821	24 %
Amortisation and depreciation	367,461	377,306	(3 %)	951,201	1,222,038	(22 %)
Earnings before interest and taxes (EBIT)	1,215,799	526,673	131 %	5,337,770	1,515,340	252 %
Share of results from investments in associates	0	(22,555)		0	(56,959)	
Interest income	159,853	280,766	(43 %)	474,141	898,678	(47 %)
Interest expense	727	2,383	(69 %)	3,747	7,049	(47 %)
Net interest income	159,126	278,383	(43 %)	470,394	891,629	(47 %)
Net income before income taxes (EBT)	1,374,924	782,501	76 %	5,808,164	2,350,010	147 %
Income taxes	(434,799)	(292,487)	49 %	(1,870,367)	(916,273)	104 %
Net income	940,126	490,014	92 %	3,937,797	1,433,737	175 %
thereof: share of third-party associates	435,717	101,209	331 %	833,819	257,324	224 %
Net income in regard to associates of the corporation	504,408	388,805	30 %	3,103,978	1,176,413	164 %
Earnings per share IAS 33				01.01. – 30.09.2010	01.01. – 30.09.2009	
Net income in regard to associates of the corporation				3,103,978	1,176,413	
Weighted average of shares outstanding				6,593,525	6,593,525	
Earnings per share (undiluted)				0.47	0.18	
Weighted average of potential shares, adjusted for dilution effects				6,587,425	6,599,668	
Earnings per share (diluted)				0.47	0.18	

Consolidated balance sheet of Interhyp AG as at 30 September 2010 in EUR

Assets

	as at 30.09.2010	as at 31.12.2009
Non-current assets		
Intangible assets	121,650	209,352
Fixed assets	2,154,793	1,687,741
Receivables from commissions	869,729	638,549
Other assets	36,963,026	20,658,237
Deferred tax assets	198,676	90,408
	40,307,874	23,284,287
Current assets		
Receivables from commissions	13,773,912	10,019,505
Other assets	12,650,277	22,235,822
Deferred tax assets	0	171,287
Cash and cash equivalents	9,890,534	11,570,081
	36,314,722	43,996,695
Total assets	76,622,596	67,280,982

Equity and liabilities

	as at 30.09.2010	as at 31.12.2009
Shareholders equity		
Common stock	6,593,525	6,593,525
Additional paid-in capital	32,149,633	32,053,641
Net accumulated profit	13,778,154	10,674,176
	52,521,312	49,321,343
Share of third-party associates	2,338,775	1,873,039
	54,860,088	51,194,382
Long-term liabilities and provisions		
Other provisions	222,922	219,119
Deferred tax liabilities	37,919	27,346
Other liabilities	545,584	60,188
	806,425	306,653
Short-term liabilities and provisions		
Trade accounts payable	2,731,314	1,882,970
Other provisions	164,900	91,900
Tax liabilities	1,112,830	636,556
Other liabilities	16,947,040	13,168,521
	20,956,084	15,779,948
Total equity and liabilities	76,622,596	67,280,982

Consolidated cash flow statement of Interhyp AG as at 30 September 2010 in EUR

	01.01–30.09.2010	01.01–30.09.2009
Consolidated net income in regard to associates of the corporation	3,103,978	1,176,413
Share of results of third-party associates	833,819	257,324
Income tax	(1,870,367)	(916,273)
Earnings before income tax	5,808,164	2,350,010
Adjustments:		
Amortisation and depreciation of non-current assets	951,201	1,222,038
Net interest income	(470,394)	(891,629)
Share of the result of investments in associates	0	56,959
Expense from the issuance of convertible bonds and stock options	95,992	156,534
Changes in receivables and other assets	5,408,551	17,806,368
Changes in provisions	76,803	(268,951)
Changes in liabilities	5,112,259	(447,897)
Income tax paid	(2,191,975)	(1,663,615)
Income tax received	871,473	0
Interest paid	(3,747)	(7,049)
Net cash from operating activities	15,658,327	18,312,768
Cash paid for investments in non-current assets	(1,330,551)	(324,222)
Cash paid for investments in associates	0	(56,959)
Interest received	360,760	359,505
Cash paid for fixed-term deposits	(16,000,000)	(26,000,000)
Net cash from investing activities	(16,969,790)	(26,021,676)
Cash paid for dividends	(368,083)	(674,268)
Net cash from financing activities	(368,083)	(674,268)
Changes in cash and cash equivalents	(1,679,547)	(8,383,177)
Cash and cash equivalents at the beginning of the period	11,570,081	18,086,159
Cash and cash equivalents at the end of the period	9,890,534	9,702,982

Shareholders' equity of Interhyp AG in EUR

	Common stock	Additional paid-in capital	Net accumulated profit	Equity in regard to associates of the parent company	Share of other associates	Total
01.01.2009	6,593,525	32,197,999	8,913,880	47,705,404	2,179,224	49,884,628
Group result	0	0	1,176,413	1,176,413	257,324	1,433,737
Total	0	0	1,176,413	1,176,413	257,324	1,433,737
Dividends	0	0	0	0	(674,268)	(674,268)
Expense from the issuance of convertible bonds and stock options	0	156,534	0	156,534	0	156,534
30.09.2009	6,593,525	32,354,533	10,090,292	49,038,350	1,762,280	50,800,630
Group result	0	0	583,884	583,884	110,759	694,643
Total	0	0	583,884	583,884	110,759	694,643
Expense from the issuance of convertible bonds and stock options	0	42,309	0	42,309	0	42,309
Cash settlement for stock options	0	(343,200)	0	(343,200)	0	(343,200)
31.12.2009	6,593,525	32,053,641	10,674,176	49,321,342	1,873,040	51,194,382
Group result	0	0	3,103,978	3,103,978	833,819	3,937,797
Total	0	0	3,103,978	3,103,978	833,819	3,937,797
Dividends	0	0	0	0	(368,083)	(368,083)
Expense from the issuance of convertible bonds and stock options	0	95,992	0	95,992	0	95,992
30.09.2010	6,593,525	32,149,633	13,778,154	52,521,312	2,338,775	54,860,088

Notes to the interim consolidated financial statements

General information

The abridged interim consolidated financial statements for the period from 1 January to 30 September 2010 were released for publication on 09 November 2010 by resolution of the Management Board.

General information

The abridged interim financial statements have been prepared in accordance with the International financial Reporting Standards (IFRS) as adopted by the European Union. International Accounting Standard (IAS) 34, "Interim Financial Reporting" has been applied. The interim financial statements at 30 September 2010 should be read in connection with the consolidated financial statements at 31 December 2009.

Accounting policies

The accounting policies contained in the consolidated financial statements at 30 September 2010 are unchanged from the consolidated financial statements at 31 December 2009, with the exception of the amended and new standards and interpretations which are to be applied for the first time beginning on or after 1 January 2010. The interim consolidated financial statements have been drawn up in euros. The income statement has been prepared in the total expenditure format.

Estimates and assumptions

Preparation of the interim consolidated financial statements requires estimates and assumptions to be made which affect the amount and disclosure of reported assets and liabilities, earnings and expenses and any contingent liabilities. Actual amounts may differ from these estimates.

Seasonal influences on business activity

Due to the nature of the Group's business, the net assets, financial position and operating results of the Group are not subject to seasonal influences except for the rise in proceeds from special commissions over the course of the year upon reaching predefined mortgage volumes.

Earnings per share

Per-share earnings were calculated according to IAS 33. The undiluted result per share is calculated as consolidated profit in relation to the shareholders of the parent company, divided by the average number of ordinary shares in circulation during the reporting period. To calculate the diluted earnings per share, the potential number of ordinary shares is added to the average number of shares in circulation during the reporting period.

The number of shares in circulation did not change in the period from 1 January 2010 to 30 September 2010.

Consolidated income statement

Revenues

Revenues comprise fees charged to contractual partners for services rendered in conjunction with normal business activities less reductions in proceeds and cancellation charges.

Other operating expenses

Other operating expenses are shown in the table opposite.

Other operating expenses in EUR thousand

	Q3 2010	Q3 2009	01.01. – 30.09.2010	01.01. – 30.09.2009
Marketing	3,967	2,451	9,746	7,844
Office and administrative expenses	1,396	1,246	3,881	3,818
External programming	177	166	498	548
Recruiting costs	175	73	440	177
Legal and professional fees	148	100	467	293
Other	770	687	2,151	2,056
Total	6,633	4,723	17,183	14,736

Net interest income

Net interest income contains income on fixed-term deposits and interest from the current bank account.

Income tax

The Group tax rate sunk slightly compared with the same prior-year period. This was due to higher operating result (EBIT) while the share of non-deductable expenses remained more or less constant.

The tax result is comprised of actual taxes in the amount of EUR 1,968 thousand (comparable prior-year period: EUR 858 thousand) and from deferred taxes of minus EUR 98 thousand (comparable prior-year period: EUR 58 thousand).

Balance sheet information

Investments

Investments in non-current assets rose from EUR 324 thousand to EUR 1,331 thousand. Most of the investments were accounted for by IT equipment.

Shares of other shareholders

The share of the minority shareholder "MLP Finanzdienstleistungen AG" in the result of the Group company "MLP Hyp GmbH" came to EUR 834 thousand (previous year: EUR 257 thousand).

Other provisions and other liabilities

Other provisions include a calculated deduction for any cancellations of already brokered mortgage contracts.

Other liabilities contain mainly items in respect of outstanding invoices, staff sales commissions, special bonuses for sub-brokers and provision for holidays not taken.

Segment reporting

Individual interim financial statement data are broken down according to business segment since the risks and the Group's return on equity are influenced by differences in the services provided. The business segments are structured and managed independently of each other in accordance with the type of service offered. The two main segments of the Interhyp Group are the Direct Channel and the Intermediary Channel.

Segment reporting in EUR thousand

	Direct Channel 01.01.– 30.09.2010	Intermediary Channel 01.01.– 30.09.2010	Group 01.01.– 30.09.2010
Revenues	38,359	33,552	71,911
Net revenues	37,185	16,997	54,182
Earnings before interest and taxes	-1,992	7,329	5,338

	Direct Channel 01.01.– 30.09.2009	Intermediary Channel 01.01.– 30.09.2009	Group 01.01.– 30.09.2009
Revenues	27,668	23,479	51,147
Net revenues	27,668	14,382	42,050
Earnings before interest and taxes	-2,424	3,939	1,515

Further disclosures

Transactions with related parties

The controlling parent company is ING Groep N.V. in whose consolidated financial statements Interhyp AG is included.

in EUR thousand		
	9M 2010	9M 2009
Services for related companies and persons of the parent company	33,614	20,726
Interest income of related companies and persons of the parent company	265	147
Receivables from related companies and persons of the parent company	3,789	1,976